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TO MANAGE AGE - A CHALLENGE FOR ALBANIAN ENTERPRISES

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ABSTRACT

Age management is identified as a key strategic priority of the EU policy. The impact of changes in the world of work and the labour market poses important challenges for human resources policies. This paper provides an overview of the age management in the Albanian SMEs and presents a challenge in terms of its implementation. From this point of view, analysis has been carried out through secondary sources, as well as by interviews with Albanian SMEs from different business sectors. Findings indicate that SMEs are familiarise with the concept of age management, but in practice only a few companies with well-defined personnel policy have make efforts to keep their older workers in the labor force.

Keywords: age management, Albania, SMEs.

1. INTRODUCTION

The impact of changes in the world of work and the labour market poses important challenges for human resources policies. The role and contribution of human resource as a talent pool also become so vital that most of the organizations started to focus their vision and mission statements on the people who work for them (Raja, 2012). Europe's demographic situation is characterised by a growing proportion of older people has, over the last decade, emerged as a central priority for policymakers in the EU. This demographic shift calls into question both the sustainability of pension systems and the future of Europe's labour supply, which in turn raises questions about the prospects for economic growth (European Foundation for the Improvement of Living and Working Conditions, 2008). Age management is on the tip of the 'European tongue', however one commonly accepted definition of “age management” is hard to find. It is employed in a variety of contexts and refers to a broad range of issues and measures. It is also ideologically linked to a number of other terms and

concepts - ageing population, demographic change or ageing, active ageing, management of all ages, diversity management, anti-discrimination, to name just a few (European Commission, 2007). Despite there being no common definition of the concept, there seems to be a common consensus on its implications and other related concepts. Proactive measures are being taken by Member States to maximise employment levels, both amongst the young and older generations. The package of measures includes, for example, active labour market policy with integration programmes for the unemployed, intensification of education and training, improving occupational health and safety, programmes to enable the compatibility of work and family life, enhancement of equal rights and equal opportunities, creation of child care facilities, improving the care of sick and disabled people. Age management should therefore create a friendly environment for older workers and create opportunities for those who want to remain longer within the labour market. The effects of population aging are not only present macroeconomic but also are more and more approached by individual and enterprise levels.

In Albania, the development of policies and practices aimed at improving opportunities for older people have grown significantly in recent years. Nonetheless, the statistics show that the situation has not changed significantly. The impact of ageist attitudes can be seen in the low levels of employment of older people. The employers in Albania are still reluctant to employ older workers because they are told to be inflexible, slow, unhealthy, low-performing or with out-dated knowledge. New approaches, policies and instruments which are so-called age management are not accommodate to the specific situation of the ageing workforce in such a way that to provide incentives and support individuals to be able to achieve their potential without being disadvantaged by their age.

This paper provides an overview of the age management in the Albanian SMEs and presents a challenge in terms of its implementation.

2. THE OLDER WORKER ON ALBANIAN LABOUR MARKET

Albania has an ageing workforce with labour force participation declining with age (table 1); especially after age 55.

Table 1: Activity rates¹ by age and gender, 2007–08

%	2007			2008		
	Total	Male	Female	Total	Male	Female
15–64	65.2	74.4	56.2	61.9	72.1	52.8
15–24	39.8	44.9	34.7	33.1	37.8	28.7
25–34	78.4	89.1	68.6	71.5	86.9	60.4
35–44	83.4	93.0	74.5	82.1	91.4	74.9
45–54	80.3	90.4	69.9	79.0	89.1	69.2
55–64	50.7	67.5	33.3	48.0	67.9	27.6

Source: European Training Foundation, 2010.

¹ The proportion of the population aged 15-64 that is economically active (i.e. all people who supply labour for the production of goods and services during a specified period).

Albania's labour force participation rate for those aged 55-64 is 48.0 percent in 2008. Older workers are a significant group of the long term unemployed, the under-employed trapped in casual work, and those disengaged workers who prefer to identify as retired rather than unemployed. Older male workers (50-64 years) are at particular risk of involuntary separation from work due to redundancy/retrenchment (women are more likely to leave for family reasons, including synchronizing retirement with husbands).

Which are reasons for extremely low participation of older workers on labour market? One reason behind the low participation of older workers can be found within the transition processes in the 1990s. Transformation period was accompanied with decline in economic activity in general and inflation, which both had negative impact on employment. Albania experienced its highest unemployment rate during 1991-1992, though it continues to be above than 10 percent (INSTAT, 2002). Labor market conditions have radically changed. Furthermore, transition has proceeded alongside a major shift in the relative demand for skill types in the market economies (Commander and Kollo, 2004). Transformation depression has increased the demands for educated employees; those without having qualifications mostly lost their jobs.

Besides transition, there are many other reasons that hinder older workers from staying active, such as:

- a perceived lack of flexibility and initiative;
- a poor grasp of foreign languages;
- a reluctance to take part in training;
- limited adaptability to new working conditions;
- a lack of knowledge of new technologies or production processes;
- a greater tendency towards taking sick leave (European Foundation for the Improvement of Living and Working Conditions, 2008).

3. AGE MANAGEMENT IN ALBANIAN ENTERPRISES

As already indicated, older workers in Albania have been disadvantaged in the labour market, mostly due to the transition from the old socialist economic model to market-oriented society. With a total unemployment rate above 10%, it was difficult to explain the necessity of putting older workers back in business (Borloo, 2005). Since then new institutional and legal possibilities have been adopted, however not being efficient very much in solving the problem of the employment of seniors, since the employment rate of old people remain very low.

With certain delay, Albania became aware of some problems, connected with aging workforce – more present at company level. The main drivers for initiating age management development in Albania were the impact of ageing on public expenditure and economic growth rates, underlining the need to extend working life and inevitable fact that employers will have to employ more, over-55s. in addition, some other principal reasons, such as tackling age barriers and discrimination, age management is now considered as an economic and social necessity (Malloch, et al. 2011). However, the implementation of age management at company level is lagging behind the most developed European countries. Unfortunately, there is limited research on what is actually being done (Farrell, 2005).

This is why this paper discusses the development of the lack of knowledge about age management that exists in the Albanian SMEs. Innovation and the correct knowledge and experience transmission are basic inside the companies. All this makes necessary to validate and formalize this learning to make the oldest workers leave their defensive position and to

favour their professional development, and therefore develop their employability encouraging the integration of the young generation in the Albanian company. From this point of view, encouraging the experienced (the older) workers' participation in the evolution of the SMEs and favouring the integration of the new ones becomes a requirement to achieve the effective competitiveness in companies. This paper focuses on the role played by employers, since most decisions on how to deal with an aging workforce will have to be taken within individual organizations, or will, at least, be implemented within these organizations (Remery et al, 2003).

The drivers which make age management practices reasonable are more or less the same within European countries. One of the main reasons that force employers to combat age barriers is age discrimination, which has been called the last unrecognised discrimination, including both open and hidden forms (Walker, 1998).

The scientific evidence shows that older workers are, on average, as effective in their jobs as younger ones—though of course there are variations in performance between jobs. Older staff have fewer accidents than younger ones and are less likely to leave an organisation voluntarily (Walker, 2005). Their average net cost to an employer is similar to that of younger staff (Walker, 2005) or very often cost-benefit analysis talks in favour of older employees (Brooke, 2003). In addition there are pragmatic reasons why the social partners are beginning to look for ways of removing or reducing the impact of age barriers. Some employers have even begun to articulate a business case in favour of older workers. Some main reasons – why tackle age barriers include (Walker, 1998):

- the age structure of the workforce is changing rapidly in all countries. That fact implies a radical change in human resource strategies and a new approach to managing age at the workplace. Future competitiveness will rest partly on the performance and productivity of ageing workforces and, therefore, on the efficient utilisation of older workers;
- at plant level employers are reassessing the consequences of early exit. It is being seen by some as a waste of experience and human resources and of the investment they have made in the workforce. Others see roles for older workers in training younger people or in preventing skill shortages;
- there is growing awareness among employers and trade unions that, by artificially limiting the field of candidates, age barriers prevent an organisation from maximising its recruitment potential;
- some enterprises are recognising that the organisation with a diverse age base – a mixture of youth and maturity – is likely to be able to respond best to rapidly changing circumstances. In the service sector in particular, employers are seeing the benefits of adjusting the age range of their employees to better reflect the age composition of their customers;
- there are widespread government concerns about employment rates and the financing of pensions.

Especially in Albania the effect of early leaving employment has been even more present since Albania has gone through its transition period in which early retirements seemed to be the most elegant way of reducing employees.

This analysis has been carried out through interviews with SMEs, located mainly in the Korca Prefecture (Albania), in different business sectors. About 95% of these companies had one or more older workers as employee(s). For the purpose of this study, interviews (2011) were carried out with a variety of actors: 100 interviews with the persons with responsibility for human resources development (owner, administrator, HR manager, other). The reason for

this composition is based on the responsibility that those actors have on human resources development.

In the majority of the SMEs the person with responsibility for human resources development issues is the owner (44%).

Key findings

What do employers see as the major drivers of engagement for their workers over 55s?

The main reasons that HR managers have given for working on retention of their aging workers are:

- valuable knowledge and experiences that older workers possess (46%);
- the need to transfer knowledge and experience of older workers to younger (39%);
- benefiting from older workers' characteristics – strengths, such as: having experiences, responsibility, loyalty etc. (28%); and
- general labor shortages on the labor market (shortages of younger candidates) (10%).

In reviewing and gathering information on this question, it is interesting to note that had a disparity among SMEs engaged and concerned about retaining the knowledge and experiences of older workers compared with the lack of concern about retaining and accommodating the aging workforce.

Which measures are employers taking for recruiting, retaining or supporting older workers?

HR managers answer with the aid of proposed actions upon them the employer had to choose whether certain measure: - is being implemented; - is considered to be implemented or - would not be considered for implementation.

The results indicate that the most commonly used measures, starting with age-neutral advertisement of job vacancies (70% of SMEs are already implementing this measure), were found to be those aimed at keeping older staff with multigenerational workforce (52%), preventive medical check-up (49%), risk identification at workplace (43 %), retirement plans employees communication (45%), communicating about extending working life (51%), identification and transformation of knowledge (47%), exemption from working overtime for older workers (50%).

What are the reasons why employers not are inclined for hiring and retaining older workers?

The main reasons for reluctance of employers for hiring and retaining older workers are:

- No compelling business purpose
- Retaining all valuable employees, regardless of their age
- A pressing need for more young blood
- The nature of the work and the work environment (hard workloads, unsuitable for older workers)
- Greater affordability of younger workers
- Abundant supply of workers under current arrangements or even the need to reduce the staff
- Actual and/or anticipated opposition from workers and/or managers
- Legal obstacles

In summary, this paper suggests that employers in Albania are not taking the ageing workforce seriously and are failing to seek out and implement sufficient strategies for the retaining, retraining and recruitment of mature workers. Moreover, it is argued that Albanian employers have failed to recognise that they have a shrinking labour market despite all evidence to support this (Farrell, 2005). So, even though Albanian employers experience and/or expect labour market shortages they do not turn massively to older workers as a solution.

CONCLUSIONS

The changes in the world of work and the labour market are having a strong effect on human resources policies. In Albania, the development of policies and practices aimed at improving opportunities for older people have grown significantly in recent years. Nonetheless, the statistics show that the situation has not changed significantly. The older workers in Albania have been disadvantaged in the labour market, mostly due to the transition from the old socialist economic model to market- oriented society.

In this paper three main questions have been addressed: What do employers see as the major drivers of engagement for their workers over 55s? *Which measures are employers taking for recruiting, retaining or supporting older workers? What are the reasons why employers not are inclined for hiring and retaining older workers?* On answers to these questions we presented the role played by employers in retaining older workers, degree of implementing of measures to support older workers. SMEs make little or no efforts to retaining or supporting their own older workers. HR managers are starting to familiarise themselves with the concept of age management, but in practice only a few companies with well-defined personnel policy have make efforts to keep their older workers in the labor force. Employers will have to develop more effective ways of managing their aging workforce to maintain operational continuity (Parker, 2006).

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